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File in:

☐ Confidential

☐ Shelf

☒ Expandable

Refer to Record No. 0017, Date 08072008

In C 0070019, 2008, Incoming

For additional information

ANDALEX RESOURCES, INC.

CENTENNIAL PROJECT

MINING AND RECLAMATION PLAN

CHAPTER 1, LEGAL

CHAPTER 1, LEGAL

R645-301-100. GENERAL

The Mathis Tract and new Federal Summit Creek Lease Boundary Change is simply an extension of our underground mine workings and will in no way involve any new surface facilities or otherwise have any affect on the surface. It does not involve any new hydrologic basins. Refer to R645-301-200 through R645-301-800 for additional information.

R645-301-110. LEGAL, FINANCIAL, AND COMPLIANCE INFORMATION

Legal, Financial, Compliance and Information

The objective of this chapter is to set forth all relevant information concerning ownership and control of Andalex Resources, Inc., the ownership and control of the property to be affected by mining activities and all other information and documentation required.

Please note that right-of-entry information for all new Leases is included in Appendix J, "Other Approvals". This includes the short form of the Mathis lease recorded at Carbon County.

Compliance Information

a) Suspension and Revocation

Andalex Resources, Inc., affiliates or persons controlled by or under common control with Andalex haven't had a mining permit suspended or revoked within the last five years.

b) Forfeiture of Bond

Andalex Resources, Inc., affiliates or persons controlled by or under common control with Andalex have not forfeited a mining bond or similar security in lieu of bond.

c) History of Violations

Appendix 1, Part 3 contains a listing of all violations received within the last three years prior to the date of this application by Andalex and affiliated companies.

Overview and Summary of Project

Mining operations at the Pinnacle Mine began in the Gilson Seam on October 3, 1980, according to the Mining and Reclamation Plan approved by the State of Utah, Department of Natural Resources, Division of Oil, Gas, and Mining. The mining began on the Zion's fee lease and extended onto Andalex's federal leases according to federal approval granted in 1982. Andalex also opened the Apex Mine in the Lower Sunnyside Seam late in 1982. Mining commenced in the Aberdeen Mine in the Aberdeen Seam in mid 1988. The coal is classified as High Volatile B bituminous in the Lower Sunnyside and Gilson Seams and as High-volatile A bituminous in the Aberdeen Seam.

The mine plan area is located approximately 10 miles north-northeast of Price, Utah in Carbon County in T12 and 13S and R10 and 11E (See Figure 1-2. The permitted property contains approximately 6528.83 acres. Of this, 1081.5 acres are fee surface and coal leased from the following: Zion Security Corporation (200 acres), Mathis (640 acres), Sunedco (200 acres), Andalex Resources fee (40 acres), and David Cave (1.5 acres). An additional 5435.88 acres are federal leases, consisting of SL-027304 (235.96 acres), SL-063058 (400 acres), U-010581 (1,842.39 acres), U-05067 (360 acres), UTU-66060 (1093.32 acres), UTU-69600 (801.48 acres) and UTU-79975 (702.73 acres). The remaining 11.45 acres are BLM surface rights-of-way #62045 (10 acres) and #64158 (1.45 acres). Please see Figure 1-2.

This property is located in the Book Cliffs coal field and includes Alrad Canyon, Deadman Canyon, Starpoint Canyon, Straight Canyon, and Hoffman Creek Canyon areas with coal outcropping along the cliffs between 7,000 feet and 7,700 feet elevations. The topography is very rugged, the Book Cliffs being dissected by box canyons created by ephemeral streams. Large sandstone boulders eroded from the cliffs are scattered along the sides of the canyons. The land is undeveloped, used primarily for grazing, and there are no areas of national importance in the region. Mountain-Brush vegetative type covers most of the area.

There are no perennial streams or bodies of water on the property. Ground water recharge is from precipitation in the vicinity. Water supply for mine development is from water encountered in the existing underground mine workings. Culinary usage is supplied by an independent contractor who hauls Price City culinary water to the mine on an as-needed basis. Historically, coal mining has been the only industry in the permit area and there are several abandoned mines located on the property. No oil or gas wells exist in the area.

Access to the mine plan area is by way of the Airport Road, an existing paved county road which has been upgraded and is

maintained by Carbon County. It is used as an access road as well as a haul road. All surface and support facilities necessary for present operations have been completed and are located on the Zion's fee or on rights-of-way granted by the Bureau of Land Management. This is also a small private easement granted to Andalex from David Cave for a small portion of pond E. Andalex has acquired all applicable state and federal licenses, permits, and rights-of-way necessary to conduct mining activities on all private (fee) and federal leases.

As of 7-6/2007 the Apex Mine and the Pinnacle Mine have been worked out. The Apex Mine has been sealed at the portals. The Pinnacle mine is still being ventilated because the power to the Aberdeen mine runs into the Pinnacle mine from the substation and then drops down to the Aberdeen Mine through a borehole connecting the two mines. However, there are no plans to produce any more coal from the Pinnacle Mine. Therefore, all existing and future mine production from the Centennial Project will be solely from the Aberdeen Mine

The mining method being employed in the Aberdeen Mine is gateroad development utilizing continuous miners with final extraction by longwall. Certain fringe area reserves, inadequate for longwall panels, will be by room-and-pillar method.

This operation does not face any of the mining complications caused by faults or intrusives. The mine plan area is located in a region where mining has been the major industry; therefore, the nearby communities are geared for coal operations. The labor supply is excellent and well trained. With these considerations, and Andalex's prudent management, the Centennial Project will continue to be a model mining operation in the Carbon County area with very minimal environmental and socioeconomic impact.

Upon cessation of final mining activities, reclamation activities will commence as soon as is practicable, according to the plans outlined in this application. The land will be restored according to available technology to as nearly its original condition as is possible.

Organization of Application

This underground mining permit application has been organized in accordance with the general requirements for format and contents as outlined in the R645- Coal Mining Rules.

R645-301-111.100. OBJECTIVES

Objectives

The objective of this chapter is to set forth all relevant information concerning ownership and control of Andalex Resources, Inc., the ownership and control of the property to be affected by mining activities and all other information and

documentation required.

Please note that right-of-entry information for all new Leases is included in Appendix J, "Other Approvals".

R645-301-111.200. RESPONSIBILITY

Andalex Resources, Inc., is responsible for submission of information and will pay abandoned mine reclamation fees.

R645-301-111.300. APPLICABILITY

The requirements of R645-301-100 apply to Andalex Resources, Inc.

R645-301-112. IDENTIFICATION OF INTERESTS

a) Permit Applicant

Andalex Resources, Inc. (Employer ID # 61-0931325)
P.O. Box 910
East Carbon, Utah 84520
(801) 888-4000

b) Legal and Equitable Owners of Record

Earth work for the Aberdeen Mine was completed in 1989. Surface facilities for the Aberdeen Mine were completed early in 1990. All existing facilities are located either on land owned by Zions Securities Corporation or on federal land. The addresses of these owners of record are as follow:

Bureau of Land Management (801) 524-3004
Utah State Office
P.O. Box 45155
Salt Lake City, Utah 84145-0155

Zion Securities Corporation (801) 363-3841
10 East South Temple
Salt Lake City, Utah 84111

All coal to be mined on the permit area is owned by the federal government, Zion Securities Corporation, Sunedco Coal Company or AMCA Coal Leasing, Inc, a wholly-owned subsidiary of UtahAmerican Energy Inc.. The addresses of these owners of record are as follow:

Bureau of Land Management
Utah State Office
P.O. Box 45155
Salt Lake City, Utah 84145-0155

AMCA Coal Leasing, Inc. (Employer No. 61-0914254)

PO Box 910
East Carbon, Utah 84520

Zion Securities Corporation
10 East South Temple
Salt Lake City, Utah 84111

Sunedco Coal Company
7401 West Mansfield Avenue
Suite 418
P.O. Box 35-B
Lakewood, Colorado 80235

R645-301-112.100. TYPE OF BUSINESS

Andalex Resources is a corporation organized and existing under the laws of Delaware and qualified to do business in Utah. Andalex Resources, Inc, is a wholly owned subsidiary of UtahAmerican Energy Inc., which in turn is a wholly owned subsidiary of Murray Energy Corporation, which in turn is a wholly-owned subsidiary of Murray Energy Holdings Co. Andalex began mining operations in the Pinnacle Mine October, 1980, and in the Apex Mine in late 1982. Mining commenced in the Aberdeen Mine in mid-1988. These mines are located on fee and federal lands in Carbon County, Utah. Andalex, the designated operator, along with AMCA Coal Leasing, Inc., its land acquisition and development branch, controls all federal and fee mining leases within the mine plan area. This underground mining permit application has been prepared by Andalex Resources and is being submitted for review and approval by the appropriate regulatory authorities.

R645-301-112.200. NAMES, LOCATIONS, RESIDENT AGENT

Resident Agent who will accept service of process for Andalex Resources, Inc., Centennial Mines, ACT/007/019:

Dave Shaver
Andalex Resources, Inc.
P.O. Box 910
East Carbon, Utah 84520
phone: (435) 888-4017

Also, see Chapter 8 for notarized statement pertaining to completeness and accuracy.

R645-301-112.300. OWNERSHIP AND CONTROL

See Appendix 1, Part 1 for ownership and control information.

R645-301-112.310. OFFICERS AND SHAREHOLDERS

See Appendix 1, Part 1 for ownership and control information.

R645-301-112.320. OWNERSHIP AND CONTROL RELATIONSHIP TO APPLICANT

See Appendix 1, Part 1 for ownership and control information.

R645-301-112.400. PENDING, CURRENT AND PREVIOUS COAL PERMITS

See Appendix 1, Part 2 for current and previous coal mining permits

R645-301-112.500. SURFACE AND MINERAL OWNERSHIP

Owners of Record of Surface and Subsurface Contiguous Areas

Names and addresses of all owners of record for all surface and subsurface areas contiguous to and within the permit area are listed below and indicated on Plates 2 and 3.

Subsurface Owners

Franklin Real Estate Company (American Electric Power)
#2 Broadway
New York, New York (contiguous)

Bureau of Land Management
Utah State Office
P.O. Box 45155
Salt Lake City, Utah 84145-0155 (contiguous & within)

State of Utah
School and Institutional Trust Lands Administration (SITLA)
675 East 500 South, Suite 500
Salt Lake City, Utah 84102-2818 (contiguous)

Andalex Resources, Inc.
PO Box 910
East Carbon, Utah 84520 (within)

Sunedco Coal Company
7401 West Mansfield Avenue
Suite 418
P.O. Box 35-B
Lakewood, Colorado 80235 (contiguous & within)

Zion Security Corp.
10 East South Temple
Salt Lake City, Utah 84111 (within)

Mathis Land Co.
Sunnyside Star Route
Price, Utah 84501 (contiguous & within)

Surface Owners

Bureau of Land Management
Utah State Office
P.O. Box 45155
Salt Lake City, Utah 84145-0155 (contiguous & within)

Gladys R. Artman
P.O. Box 22
Mountain City, Georgia 30562 (contiguous & within)

F. and D. Shimmin
711 North 5th East
Price, Utah 84501 (contiguous)

Sunedco Coal Company
7401 West Mansfield Avenue
Suite 418
P.O. Box 35-B
Lakewood, Colorado 80235 (contiguous & within)

R. and E. Nelson
583 Sundial Drive
Moab, Utah 84532 (within)

Mathis Land Co.
Sunnyside Star Route
Price, Utah 84501 (contiguous & within)

J & S Critchlow (Cave, et.al)
144 South 1650 East
Price, Utah 84501 (contiguous & within)

Andalex Resources Inc.
P.O. Box 910
East Carbon, Utah 84520 (within)

Zion Security Corporation
10 East South Temple
Salt Lake City, Utah 84111 (within)

State of Utah
School and Institutional Trust Lands Administration (SITLA)
675 East 500 South, Suite 500
Salt Lake City, Utah 84180 (contiguous & within)

R645-301-112.600. ADJACENT SURFACE AND MINERAL OWNERSHIP

Interests in Contiguous Lands

The Uintah-Southwest Utah Federal Coal Leasing Program has been dropped by the U.S. Department of Interior; therefore, previous expressions of interests by this company are no longer valid. However, existing unleased federally owned coal resources remain of interest to Andalex at such time as currently controlled reserves have been exhausted.

R645-301-112.700. MSHA NUMBERS FOR ALL MINE-ASSOCIATED STRUCTURES

The Centennial Project includes the development of three separate mines. The names and M.S.H.A. I.D. numbers for existing mines and all sections are as follow:

Pinnacle Mine - M.S.H.A. I.D. #42-01474
Apex Mine - M.S.H.A. I.D. #42-01750
Aberdeen Mine - M.S.H.A. I.D. #42-02028

R645-301-112.800. STATEMENT OF ALL LANDS AND INTERESTS IN LANDS

The Uintah-Southwest Utah Federal Coal Leasing Program has been dropped by the U.S. Department of Interior; therefore, previous expressions of interests by this company are no longer valid. However, existing unleased federally owned coal resources remain of interest to Andalex at such time as currently controlled reserves have been exhausted.

R645-301-113. VIOLATION INFORMATION

History of Violations

Appendix 1, Part 3 contains a listing of all violations received within the last three years prior to the date of this application by Andalex and affiliated companies.

R645-301-113.100. COMPLIANCE INFORMATION

Andalex Resources, Inc., affiliates or persons controlled by or under common control with Andalex haven't had a mining permit suspended or revoked within the last five years.

Andalex Resources, Inc., affiliates or persons controlled by or under common control with Andalex have not forfeited a mining bond or similar security in lieu of bond.

Appendix 1, Part 3 contains a listing of all violations received within the last three years prior to the date of this application by Andalex and affiliated companies.

R645-301-113.110. SUSPENDED OR REVOKED PERMITS

Andalex Resources, Inc., affiliates or persons controlled by or under common control with Andalex haven't had a mining permit suspended or revoked within the last five years.

R645-301-113.120. FORFEITED BONDS

Andalex Resources, Inc., affiliates or persons controlled by or under common control with Andalex have not forfeited a mining bond or similar security in lieu of bond.

R645-301-113.200. EXPLANATION OF PERMIT OF BOND FORFEITURE

N/A

R645-301-113.210 PERMIT AND BOND IDENTIFICATION

N/A

R645-301-113.220. REGULATORY AUTHORITIES INVOLVED

See above

R645-301-113.230. CURRENT STATUS OF PERMIT AND BOND

See above

R645-301-113.240. ADMINISTRATIVE OR JUDICIAL PROCEDURES

Appendix 1, Part 3

R645-301-113.250. CURRENT STATUS OF PROCEEDINGS

Appendix 1, Part 3

R645-301-113.300. LIST OF ALL VIOLATIONS NOTICES

Appendix 1, Part 3

R645-301-113.310. IDENTIFICATION OF VIOLATIONS

Appendix 1, Part 3

R645-301-113.320. DESCRIPTION OF VIOLATIONS

Appendix 1, Part 3

R645-301-113.330. LOCATION OF VIOLATIONS PROCEEDINGS

Appendix 1, Part 3

R645-301-113.340. STATUS OF VIOLATIONS PROCEEDINGS

Appendix 1, Part 3

R645-301-113.350. ACTIONS TAKEN TO ABATE VIOLATIONS

Appendix 1, Part 3

R645-301-114. RIGHT-OF-ENTRY INFORMATION

Andalex Resources, Inc., in sublease agreement with AMCA Coal Leasing, Inc., currently holds approximately 6528.83 acres of private and federal coal leases and rights-of-way listed below, all of which are included in their entirety within the permit area. Andalex basis its legal right to enter and conduct mining activities in the permit area pursuant to the language contained in the Federal Coal Leases, Section 2, Rights of Lessee as follows:

"The lessor, in consideration of any bonus paid (or to be paid if deferred), rents and royalties and other conditions hereinafter set forth, hereby grants and leases to the lessee the exclusive right and privilege to mine and dispose of all coal ... subject to the conditions, limitations and prohibitions provided in this lease and in applicable acts and regulations, the right to construct all works, buildings, structures, equipment, and appliances which may be necessary and convenient for the mining and preparation of the coal for market, and subject to the conditions herein provided, to use so much of the surface as may reasonably be required in the exercise of the rights and privileges herein granted..."

A similar right to enter and conduct underground mining activities is contained in the private lease agreement with the Zion Securities Corporation as follows:

"During the life of the lease, so long as lessee is not in default hereunder, it may freely prospect, mine and develop the lease premises, extract and sell such coal therefrom as it may elect, and use the surface and underground thereof for all lawful purposes including the exploration and mining to be conducted therein and thereon. It may also use the leased lands in connection with the mining and development of other lands which it may own, lease, or acquire as a part of its general mining operations in the area."

Legal right-of-entry information for all federal and fee leases and rights-of-way are found in Appendix J, "Other Approvals".

None of the leases' rights-of-entry is a subject of pending litigation.

The Federal Coal Leases are described as follows (please see Figure 1-2):

1) SL-027304:

Tract 1: (original lease)
T.13S., R.11E., SLM, Utah
Sec. 7; S2SE4,
Sec. 18; NW4NE4.

Tract 2: (lease modification)
T.13S., R.11E., SLM, Utah
Sec. 7; Lot 4;
Sec. 18; Lot 1, N2NE4NW4, SW4NE4NW4
entire lease (Tracts 1 and 2) containing 235.96 acres,
more or less.

This lease was originally assigned to W.F. Olsen on September 1, 1925. On May 1, 1959, the lease was assigned to F.H. Larson and then to Centennial Coal Associates on February 1, 1973. AMCA Coal Leasing, Inc., acquired the lease in February, 1977 and subsequently added Tract 2 through lease modification criteria on October 26, 1981.

***** (NOTE: The legal description of the composite lease as described on the existing BLM lease form is as follows:

T.13S., R.11E., SLM, Utah
Sec. 7; Lot 4, S2SE4
Sec. 18; Lot 1, NW4NE4, N2NE4NW4, SW4NE4NW4
containing 235.96 acres, more or less.)*****

2) SL-063058:

Tract 1: (original lease)
T.13S., R.11E., SLM, Utah
Sec. 8; S2SW4;
Sec. 17; N2NW4, SE4NW4;
Sec. 18; NE4NE4.

Tract 2: (lease modification)
T.13S., R.11E., SLM, Utah
Sec. 17; SW4NW4, NE4NW4SW4, W2NW4SW4,
Sec. 18; E2SE4NE4, NW4SE4NE4, SW4NE4, E2NE4SE4
entire lease containing 400 acres, more or less.

The original lease of 80 acres was assigned to C.D. Sutton on August 3, 1942. On July 27, 1950, the lease was amended to embrace 200 acres. An additional 40 acres was added December 13, 1951. The leases were posted to F.H. Larson on May 1, 1970 and then to Centennial Coal Associates on February 1, 1973. AMCA Coal Leasing, Inc., acquired the

lease in February, 1977 and subsequently added Tract 2 through the federal lease modification criteria.

***** (NOTE: The legal description of the composite lease as described on the existing BLM lease form is as follows:

T.13S., R.11E., SLM, Utah

Sec. 8; S2SW4

Sec. 17; NW4, NE4NW4SW4, W2NW4SW4

Sec. 18; NE4NE4, E2SE4NE4, NW4SE4NE4, SW4NE4, E2NE4SE4 containing 400 acres, more or less.)*****

3) UTU-010581:

Tract 1: (original lease)

T.13S., R.11E., SLM, Utah

Sec. 5; All

Sec. 6; All

Sec. 7; Lot 1, NE4, NE4NW4, N2SE4;

Sec. 8; N2, N2S2, S2SE4;

Sec. 9; W2SW4;

Sec. 17; N2NE4.

Tract 2: (lease modification)

T.13S., R.11E., SLM, Utah

Sec. 17; S2NE4, N2NE4SW4, NE4SE4, N2NW4SE4

entire lease containing 1,842.39 acres, more or less.

This lease was assigned to C.D. Sutton on February 1, 1956. On May 1, 1970 the lease was assigned to F.H. Larson and then to Centennial Coal Associates on February 1, 1973. AMCA Coal Leasing, Inc., acquired the lease in February, 1977 and subsequently added Tract 2 through the federal lease modification criteria.

***** (NOTE: The legal description of the composite lease as described on the existing BLM lease form is as follows:

T.13S., R.11E., SLM, Utah

Sec. 5; All

Sec. 6; All

Sec. 7; Lot 1, NE4NW4, NE4, N2SE4

Sec. 8; N2, N2S2, S2SE4

Sec. 9; W2SW4

Sec. 17; NE4, N2NE4SW4, NE4SE4, N2NW4SE4

containing 1,842.39 acres, more or less.)*****

4) U-05067-08916

T.13S., R.11E., SLM, Utah

Sec. 4; Lots 5-8

Sec. 9; NW4NE4, N2NW4, SW4NW4, NE4SW4

containing 360 acres, more or less.

5) UTU-66060

Tract 1: (original lease)

T.12S, R.11E., SLM, Utah

Sec. 31; Lots 3-6, Lots 13-22

T.13S, R.10E., SLM, Utah

Sec. 1; Lots 1-8, S2N2

Sec. 12; Lot 1

Tract 2: (lease modification)

T.12S., R.11E., SLM, Utah

Sec. 31; Lot 12

Sec. 32; W2SW4, SW4NW4

entire lease containing 1093.32 acres more or less.

UTU-66060 is subject to the terms and conditions set forth in the Federal Coal Lease issued by the Bureau of Land Management October 3, 1994.

***** (NOTE: The legal description of the composite lease as described on the existing BLM lease form is as follows:

T.12S., R.11E., SLM, Utah

Sec. 31; Lots 3-6, Lots 12-22

Sec. 32; W2SW4, SW4NW4

T.13S., R.10E., SLM, Utah

Sec. 1; Lots 1-8, S2N2

Sec. 12; Lot 1

containing 1093.32 acres more or less.)*****

6) UTU-69600

T.13S., R10E. SLM, Carbon County, Utah

Sec. 1: SW4

Sec. 12: lots 2-11, W2W2, NE4SW4

containing 801.48 acres, more or less

The name and address of the lessor is American Electric Power Service Corporation, Fuel Supply Department, P.O. Box 700, Lancaster, Ohio 43130. This agreement was executed on May 1, 1992.

7) UTU-79975

T. 12S., R. 11E. SLM, Utah

Sec. 29; SW4SW4, SW4SE4

Sec. 30; Lots 4, 12, 14-16

Sec. 31; Lots 1, 2, 7-11

Sec. 32, W2NE4, E2NW4, NW4NW4, NE4SW4

containing 702.73 acres, more or less.

The private fee leases are described as follows (see Figure 1-2):

8) Mathis Fee Lease

T.12S., R.10E., SLM, Utah
Sec. 36; All
containing 640 acres, more or less.

9) Zion Fee Lease

T.13S., R.11E., SLM, Carbon County, Utah
Sec. 7; S2NW4, N2SW4, SE4SW4
containing 200 acres, more or less.

The name and address of the lessor is Zion Securities Corporation, 10 East South Temple Street, Salt Lake City, Utah. This lease was originally made and entered into between Zion's and Centennial Coal Associates on August 1, 1972. AMCA Coal Leasing Inc. acquired the lease in February, 1977.

10) Sunedco Fee Lease

T.13S., R.11E., SLM, Carbon County, Utah
Sec. 9; E2NE4, SW4NE4, N2SE4
containing 200 acres, more or less.

The name and address of the lessor is Sunedco Coal Company, 7401 West Mansfield Avenue, Suite 418, P.O. Box 35-B, Lakewood, Colorado 80235. AMCA Coal Leasing, Inc. acquired the lease in June, 1988.

11) Andalex Fee

T.13S., R.11E., SLM, Carbon County, Utah
Sec. 9; SE4NW4
containing 40 acres, more or less.

The surface rights-of-way are described as follows (see Figure 1-2):

12) BLM Right-of-Way U-62045

T.13S., R.11E., SLM, Carbon County, Utah
Sec. 18; SE4NE4NW4 containing 10 acres, more or less.

This right-of-way was granted for construction of some of the surface facilities in Deadman Canyon, namely certain structures associated with the Aberdeen mine surface facilities in the southernmost area of the mineyard.

The grantor is the Department of the Interior, Bureau of Land Management, 400 West 200 South, Suite 500, Salt Lake City, Utah 84145-0155

13) BLM Right-of-Way UTU-64158

T.13S., R.10E., SLM, Carbon County, Utah
Sec. 13; Lot 1 (portions of)

T.13S., R.11E., SLM, Carbon County, Utah
Sec. 18; Lot 2, NE4SW4 (portions of) containing 1.45 acres, more or less.

This right-of-way was granted for construction of the main mine fan installation and the access road in the Left Fork.

The grantor is the Department of the Interior, Bureau of Land Management, 400 West 200 South, Suite 500, Salt Lake City, Utah 84145-0155

14) Cave Private Land Easement

T.13S., R.11E., SLM, Carbon County, Utah
Sec. 18; A portion of NE4NE4SE4NW4 containing 1.5 acres, more or less.

This easement was granted for the construction of sediment pond E located at the extreme southern end of the mineyard.

This easement has been granted by David R Cave et al whose address is 3379 East Hwy 6, Price, Utah 84501.

<u>Permit Area</u>	Total lease area (described above)	6528.83 acres
	Less Oso gaswell area	11.92 acres
	Total permit area	6516.91 acres

The following is a description of the Permit Area as shown on Figure 1-2. This is a composite description of all federal and private coal leases and rights-of-way listed above which comprise the permit area, less the Oso gaswell and pipeline area, which has been deleted from the permit area. Oso Oil and Gas Properties, LLC (15810 Park Ten Place, Suite 160, Houston TX 77084) is the owner of the gas rights from all gas being liberated from the gob vent holes (GVH) on the leases associated with the Centennial Project. Refer to Appendix Z for a complete

legal description of the OSO gaswell/pipeline. Sections marked with an asterisk (*) are included in their entirety within the permit area.

T.12S., R.10E., SLM, Carbon County, Utah

Sec. 36; All (Mathis fee lease)
except for 1.64 acres associated with the Oso
pipeline (see Appendix Z)

T.12S., R.11E., SLM, Carbon County, Utah

Sec. 29; SW4SW4, SW4SE4 (part of UTU-79975)

Sec. 30; Lots 4,12,14-16 (part of UTU-79975)

Sec. 31; Lots 1, 2, 7-11 (part of UTU-79975)

Lots 3-6, 12-22 (part of UTU-66060)
except for 7.86 acres associated with the Oso
gaswell and pipeline (see Appendix Z)

Sec. 32; W2NE4, E2NW4, NW4NW4, NE4SW4 (part of UTU-79975)

W2SW4, SW4NW4 (part of UTU-66060)

T.13S., R.10E., SLM, Carbon County, Utah

Sec. 1; Lots 1-8, S2N2 (part of UTU-66060)
except for 2.42 acres associated with the Oso
pipeline (see Appendix Z)

SW4 (part of UTU-69600)

Sec. 12*; Lot 1 (part of UTU-66060)

Lots 2-11, W2W2, NE4SW4 (part of UTU-69600)

Sec. 13. Lot 1 (a portion thereof, part of BLM ROW 64158)

T.13S., R.11E., SLM, Carbon County, Utah

Sec. 4; Lots 5-8 (part of U-05067)

Sec. 5*; All (part of UTU-010581)

Sec. 6*; All (part of UTU-010581)

Sec. 7*; Lot 1, NE4NW4, NE4, N2SE4 (part of UTU-010581)

Lot 4, S2SE4 (part of SL-027304)

S2NW4, N2SW4, SE4SW4 (Zions Fee Lease)

Sec. 8*; N2, N2S2, S2SE4 (part of UTU-010581)

S2SW4 (part of SL-63058)

Sec. 9; E2NE4, SW4NE4, SE4NW4, N2SE4 (Sunedco Fee Lease)

NW4NE4, N2NW4, SW4NW4, NE4SW4 (part of U-05067)

Sec. 17; NE4, N2NE4SW4, NE4SE4, N2NW4SE4 (part of UTU-010581)

NW4, NE4NW4SW4, W2NW4SW4 (part of SL-063058)

Sec. 18; NE4NE4, E2SE4NE4, NW4SE4NE4, SW4NE4, E2NE4SE4
(part of SL-063058)

Lot 1, NW4NE4, N2NE4NW4, SW4NE4NW4 (part of SL-027304)

SE4NE4NW4 (BLM ROW U-62045)

Lot 2, NE4SW4 (portions thereof, part of BLM ROW UTU-64158)

NE4NE4SE4NW4 (a portion thereof, Cave private surface easement)

R645-301-114.100. DOCUMENTATION

Appendix J

R645-301-114.200. SEVERED SURFACE AND MINERAL ESTATES

Appendix J

**R645-301-114.210. WRITTEN SURFACE OWNER CONSENT FOR COAL
EXTRACTION**

Appendix R

**R645-301-114.220. CONVEYANCE EXPRESSLY GRANTING RIGHT TO MINE
COAL**

Appendix J

R645-301-114.230. DOCUMENTATION OF LEGAL AUTHORITY TO MINE COAL

Appendix J

R645-301-114.300. ADJUDICATION OF PROPERTY RIGHTS DISPUTES

R645-301-114.300. ADJUDICATION OF PROPERTY RIGHTS DISPUTES

The Division does not have the authority to adjudicate property rights disputes.

R645-301-115. STATUS OF UNSUITABILITY CLAIMS

Carbon County has authorized mining and reclamation activities within 100 feet of County Road 299. (See Appendix B)

R645-301-115.100. IDENTIFICATION OF LANDS UNSUITABLE

The permit area is not within an area designated unsuitable for the surface effects of underground coal mining activities or under study for designation in an administrative proceeding initiated under those pasts. Further, there are no occupied dwellings within 300 feet of the permit area including the Hoffman Creek area.

R645-301-115.200. CLAIMS OF EXEMPTION BY COMMITMENT PRIOR TO JANUARY 4, 1977

None.

R645-301-115.300. MINING AND RECLAMATION OPERATIONS WITHIN 300 FEET OF AN OCCUPIED DWELLING OR WITHIN 100 FEET OF A PUBLIC ROAD

None.

R645-301-116. PERMIT TERM

The starting and termination dates as well as the horizontal and vertical extent of the proposed underground mining activities over the total life of the permit are indicated on the revised Pinnacle underground layout map included as Plate 30. Also refer to the underground layout maps for the Apex and Aberdeen Mines (see Plates 29 and 31). Refer to plate 41.

R645-301-116.100. SCHEDULE OF PHASED MINING AND RECLAMATION ACTIVITIES

All surface facilities have been constructed for the Pinnacle, Apex and Aberdeen Mines. Earthwork for the Aberdeen Mine was completed in 1989. The surface facilities for the Aberdeen Mine were completed in early 1990. No additional surface facilities are required for any new leases.

Andalex has added a fan installation in the left-hand fork of Deadman Canyon. This installation was conducted according to measures outlined by the Bureau of Land Management as part of Right-of-Way U-64158. (Copy of Right-of-Way is included in

Appendix B.) The location of this breakout is shown on Plate 29 (R.O.W.).

Andalex will fill, regrade and stabilize rills and gullies over 9 inches in depth. Further, Andalex has agreed to interim stabilization of all slopes and embankments within the disturbed area and has done so. One slope located at the bottom of the office driveway, has been attempted through hydroseeding, fertilizing and mulching techniques on three separate occasions. No significant erosion problems have occurred, Andalex will notify the Division in the event of any slides or other damage.

Andalex will cover acid or toxic forming materials if any are encountered. Andalex will advise the Division in the event of a temporary shutdown, such as a letter sent to the Division when Andalex's Apex Mine was temporarily closed.

R645-301-116.200. PERMIT TERM IN EXCESS OF FIVE YEARS

The requested term of this permit is five years. Andalex will then apply for five year extensions over the life of the mine.

R645-301-116.210. COMPLETENESS AND ACCURACY FOR LONGER TERM

N/A

R645-301-116.220. DEMONSTRATION OF NEED FOR LONGER TERM

N/A

R645-301-117. INSURANCE, PROOF OF PUBLICATION AND FACILITIES OR STRUCTURES USED IN COMMON

Appendix B contains certificates of liability insurance covering personal injury and property damage resulting from this operation. Andalex commits to mitigate all subsidence related damage to renewable resources, including, but not limited to water, grazing, and wildlife habitat including raptor nests.

R645-301-117.100. LIABILITY INSURANCE

Appendix B

R645-301-117.200. NEWSPAPER PUBLICATION

A copy of the newspaper advertisement of this Mining and Reclamation Plan and proof of publication of the advertisement is filed with the Division and made part of the complete application. Also, please refer to this chapter for the public notice and proof of publication for the newly acquired Sunedco Lease.

R645-301-117.300. FACILITIES USED IN COMMON

The Centennial Project includes the development of three separate mines. The names and M.S.H.A. I.D. numbers for existing mines and all sections are as follow:

Pinnacle Mine - M.S.H.A. I.D. #42-01474
Apex Mine - M.S.H.A. I.D. #42-01750
Aberdeen Mine - M.S.H.A. I.D. #42-02028

All coal from the newly acquired AEP Lease will be mined simply as an underground extension of the existing Pinnacle and Aberdeen Mines.

R645-301-118. FILING FEE

N/A Page 1-27 of document

R645-301-120. PERMIT APPLICATION FORMAT AND CONTENTS

Summary of Table of Contents

R645-301-100. General
R645-301-200. Soils
R645-301-300. Biology
R645-301-400. Land Use and Air Quality
R645-301-500. Engineering
R645-301-600. Geology
R645-301-700. Hydrology
R645-301-800. Bonding and Insurance

R645-301-121. REQUIREMENTS

R645-301-121.100. CURRENT INFORMATION

Information is current.

R645-301-121.200. CLEAR AND CONCISE

Information is clear and concise.

R645-301-121.300. FORMAT REQUIREMENTS

To facilitate review of the application, each chapter listed

above has been further divided into specific parts and sections. These can be found listed in the detailed table of contents appearing at the beginning of this text along with the page numbers on which they appear. This table of contents also contains lists of figures, tables, plates, exhibits, and appendices to facilitate cross referencing between chapters.

Exhibits include appropriate supporting documents, reports and publications and are included as appendices.

Maps which were not reduced to fit into the text are included in a separate volume as plates. All maps and plans are submitted in accordance with the requirements.

**R645-301-123. APPLICATION FOR PERMITS, CHANGES, RENEWALS,
OR TRANSFERS**

Text deleted as instructed by Technical analysis.

R645-301-130. REPORTING AND TECHNICAL DATA

Persons and Consultants Involved

The following persons and/or organizations were involved in collection and analysis of the technical data set forth in this application.

1. In-House Consulting Services

- a) Andalex Resources, Inc. - AMCA Coal Leasing, Inc.
Samuel C. Quigley - Western Project Manager
Michael W. Glasson - Senior Geologist
Allen D. Emmel - Environmental Planning
Coordinator

2. Outside Consulting Services

- a) Dan W. Guy - Registered Professional Engineer
(State of Utah No. 4548)
Price, Utah
-Sedimentation and Drainage Control Plan
(April, 1980)

- Wastewater Disposal System; Pinnacle Mine
(April, 1980)
Office Building (September, 1980)
- b) Bruce T.S. Ware - Registered Land Surveyor
Price, Utah
- c) A and W Surveying

Price, Utah

- d) Commercial Testing & Engineering Co.
Denver, Colorado
- e) Standard Laboratories
Huntington, Utah
- f) Western Testing and Engineering
Helper, Utah
- g) VanCott, Bagely, Cornwall and McCarthy
Attorneys at Law
Salt Lake City, Utah
- h) Rollins, Brown, and Gunnell
Provo, Utah
- i) Brigham Young University
Provo, Utah
Department of Zoology
Clayton M. White
(Raptor Study)
Department of Anthropology/Archaeology
Dr. Ray T. Matheny
(Archaeological Survey)
- j) Earth Environmental Consultants
Albuquerque, New Mexico
- k) Vaughn Hansen Associates
Salt Lake City, Utah
(Hydrology Study)
- l) Horrocks Engineers
American Fork, Utah

Coordination and Consultation with Governmental Agencies

The following governmental agencies were consulted in the preparation of information set forth in this application.

U.S. Department of Agriculture
Soil Conservation Service
Price, Utah
(Soil and Vegetation Survey)

U.S. Department of the Interior
Bureau of Land Management
Price, Utah
Salt Lake City, Utah

Office of Surface Mining, Reclamation and Enforcement
Denver, Colorado

U.S. Geological Survey
Salt Lake City, Utah

State of Utah:
Department of Natural Resources
Division of Oil, Gas, and Mining
Salt Lake City, Utah

Antiquities Section (Consulting Services Branch)
Salt Lake City, Utah
(Archaeological Survey)

Department of Natural Resources
Division of Wildlife Resources
Salt Lake City, Utah

References:

AMCA Coal Leasing, Inc., 1978. Mining and Reclamation Plan, Zion's Fee. Submitted to the State of Utah, Department of Natural Resources, D.O.G.M.

Centennial Coal Associates, 1976. Mining Application. Submitted to the U.S. Geological Survey.

Doelling, H.H., 1972. Central Utah Coal Fields. U.G.M.S. Monograph Series No. 3.

U.S.D.A., 1978. Soil Survey and Interpretations of the Coal Creek Emery Portion of the Price River and Emery County Areas, Carbon and Emery Counties, Utah. S.C.S.

U.S.D.I., 1979. Final Environmental Statement, Development of Coal Resources in Central Utah, Parts 1 and 2.

U.G.M.S., 1966. Central Utah Coals. U.G.M.S. Bulletin No. 80.

R645-301-131. TECHNICAL DATA REQUIREMENTS

Where applicable, technical data submitted has been identified as to who prepared the information and is stamped by that registered professional engineer (P.E.).

R645-301-132. TECHNICAL ANALYSES REQUIREMENTS

Analyses are prepared by a qualified professional engineer.

R645-301-140. MAPS AND PLANS

R645-301-141. MAP FORMATS

R645-301-142. PHASES OF OPERATIONS AND MINING ACTIVITY

R645-301-142.100. PRIOR TO AUGUST 3, 1977

None by Andalex Resources. Several mines were operated by other independent companies or individuals in areas presently consumed by Andalex's surface facilities. Andalex's encroachment onto these previously disturbed areas transferred the responsibility for reclamation to Andalex. The specific locations of disturbed areas prior to Andalex's mining activities is irrelevant.

R645-301-142.200. AFTER AUGUST 3, 1977

All of Andalex's surface facilities and mining operations began after August 3, 1977.

R645-301-142.210. PRIOR TO MAY 3, 1978

See R645-301-142.100.

R645-301-142.220. SMALL OPERATOR'S EXEMPTION PRIOR TO JANUARY
1, 1979

N/A

R645-301-142.300. AFTER MAY 3, 1978 (OR JANUARY 1, 1979 FOR
SMALL OPERATOR'S EXEMPTION) AND PRIOR TO
APPROVAL OF STATE PROGRAM

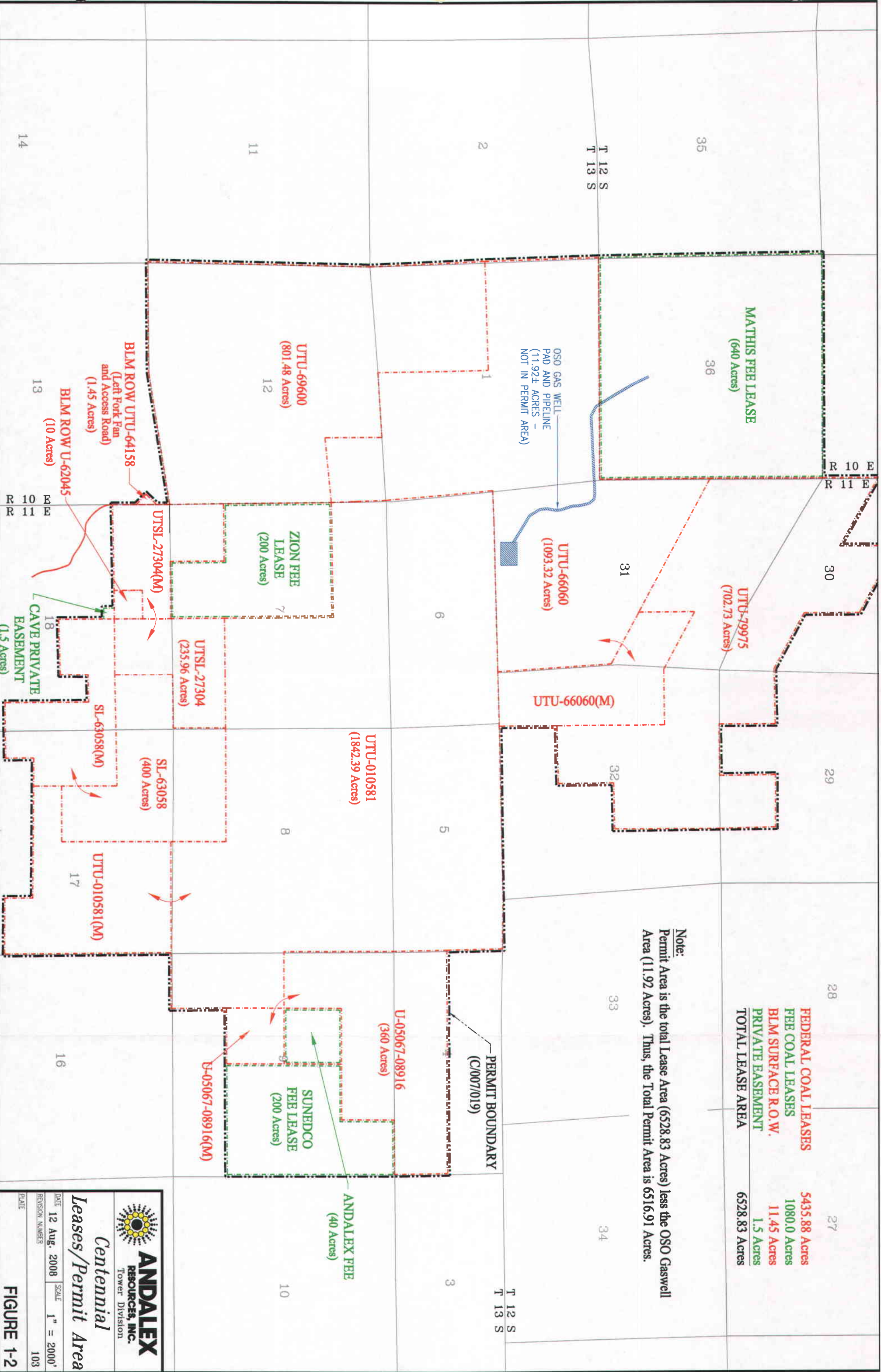
N/A

R645-301-142.400. AFTER ISSUANCE OF PERMIT BY THE DIVISION

Refer to permit area map, Plate 4

R645-301-150. COMPLETENESS

Per Division.





ANDALEX
RESOURCES, INC.
Tower Division

*Centennial
Leases/Permit Area*

DATE	12 Aug. 2008	SCALE	1" = 2000'
REVISION NUMBER			
PLATE			103

FIGURE 1-2

LEGAL DESCRIPTION
OF THE
OSO GASWELL AND PIPELINE

NARRATIVE

THE PURPOSE OF THIS SURVEY IS TO LOCATE AND DESCRIBE A FIVE ACRE BOUNDARY AND 50 FOOT WIDE PIPELINE RIGHT OF WAY FOR OSO OIL & GAS.

THE BASIS OF BEARING USED FOR THIS SURVEY IS SOUTH 5°47'42" EAST BETWEEN THE WEST QUARTER CORNER AND THE SOUTHWEST CORNER OF SAID SECTION 31.

5 ACRE DESCRIPTION

A 5 ACRE PORTION OF LAND SITUATED IN SECTION 31, TOWNSHIP 12 S., RANGE 11 E., SALT LAKE BASE AND MERIDIAN, CARBON COUNTY, UTAH, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

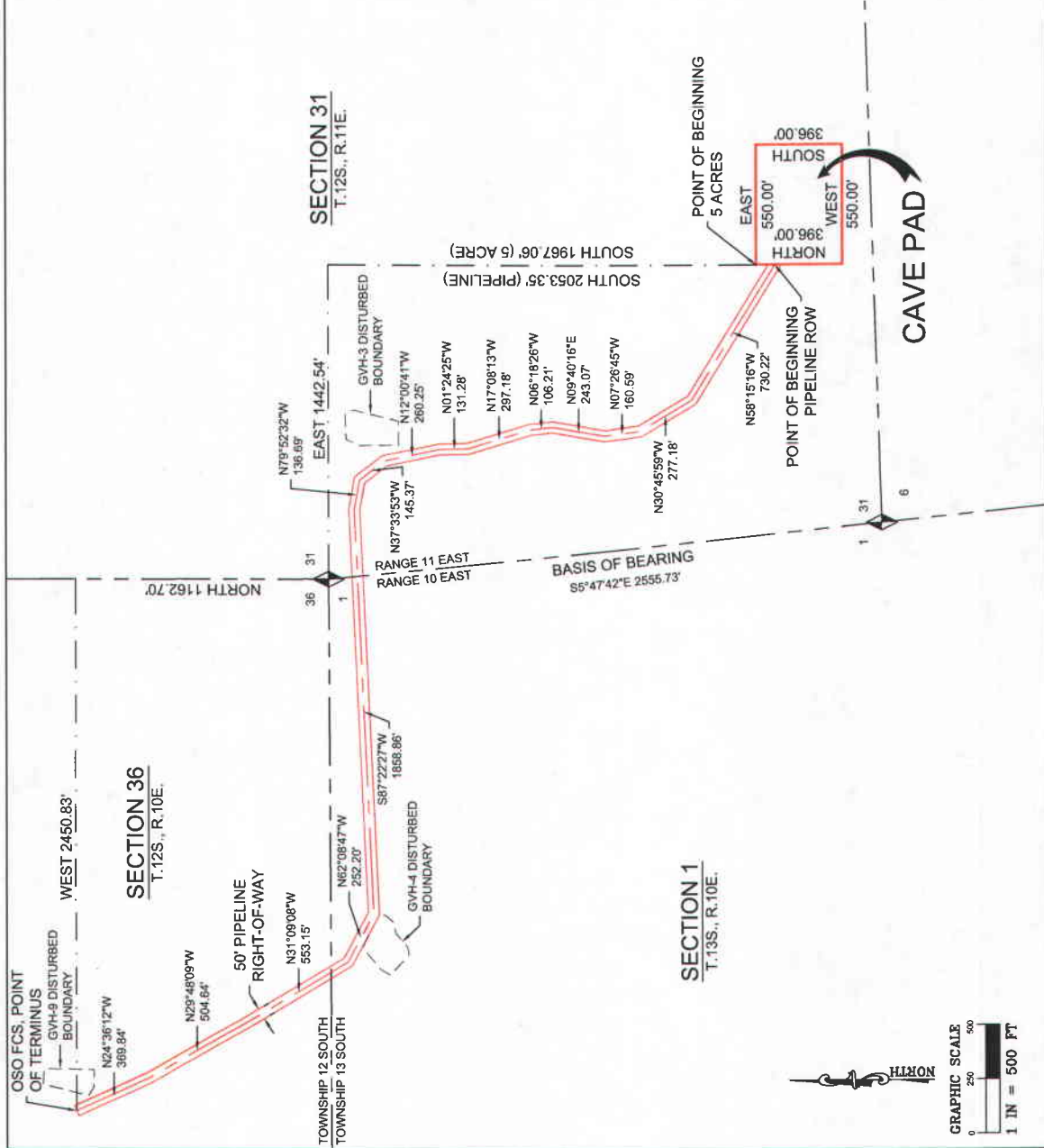
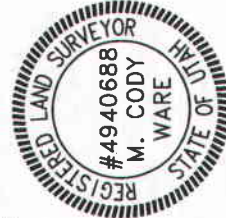
BEGINNING AT A POINT WHICH LIES 1442.54 FEET EAST AND 1987.06 FEET SOUTH FROM THE WEST QUARTER CORNER OF SAID SECTION 31, AND RUNNING THENCE EAST 550.00 FEET; THENCE SOUTH 396.00 FEET; THENCE WEST 550.00 FEET; THENCE NORTH 396.00 FEET TO THE POINT OF BEGINNING. CONTAINS: 5.00 ACRES, MORE OR LESS.

50' PIPELINE ROW DESCRIPTION

A 50 FOOT WIDE RIGHT OF WAY OVER PROPERTY SITUATED IN SECTION 31, TOWNSHIP 12 S., RANGE 11 E.; SECTION 1, TOWNSHIP 13 S., RANGE 10 E., AND SECTION 36, TOWNSHIP 12 S., RANGE 10 E., SALT LAKE BASE AND MERIDIAN, CARBON COUNTY, UTAH, AND BEING 25 FEET ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE: BEGINNING AT A POINT WHICH LIES 1442.54 FEET EAST AND 2081.67 FEET SOUTH FROM THE WEST QUARTER CORNER OF SAID SECTION 31, AND RUNNING THENCE N.58°15'16"W. 730.22 FEET; THENCE N.30°45'59"W. 277.18 FEET; THENCE N.07°26'45"W. 160.59 FEET; THENCE N.09°40'16"E. 243.07 FEET; THENCE N.06°18'26"W. 106.21 FEET; THENCE N.17°08'13"W. 297.18 FEET; THENCE N.01°24'25"W. 131.28 FEET; THENCE N.12°00'41"W. 260.25 FEET; THENCE N.37°33'53"W. 145.37 FEET; THENCE S.87°22'27"W. 1858.86 FEET; THENCE N.62°08'47"W. 252.20 FEET; THENCE N.31°09'08"W. 553.15 FEET; THENCE N.29°48'09"W. 504.84 FEET; THENCE N.24°36'12"W. 369.84 FEET TO THE OSO FIELD COMPRESSOR SITE (FCS) AND TERMINATING. CONTAINS: 6.92 ACRES, MORE OR LESS.

CERTIFICATE OF SURVEY

I, M. CODY WARE, DO HEREBY CERTIFY THAT I AM A REGISTERED LAND SURVEYOR, LICENSE NO. 4940688 AS PRESCRIBED BY THE LAWS OF THE STATE OF UTAH. I FURTHER CERTIFY THAT I HAVE MADE A SURVEY OF THE LOCATION SHOWN AND THAT IT IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.

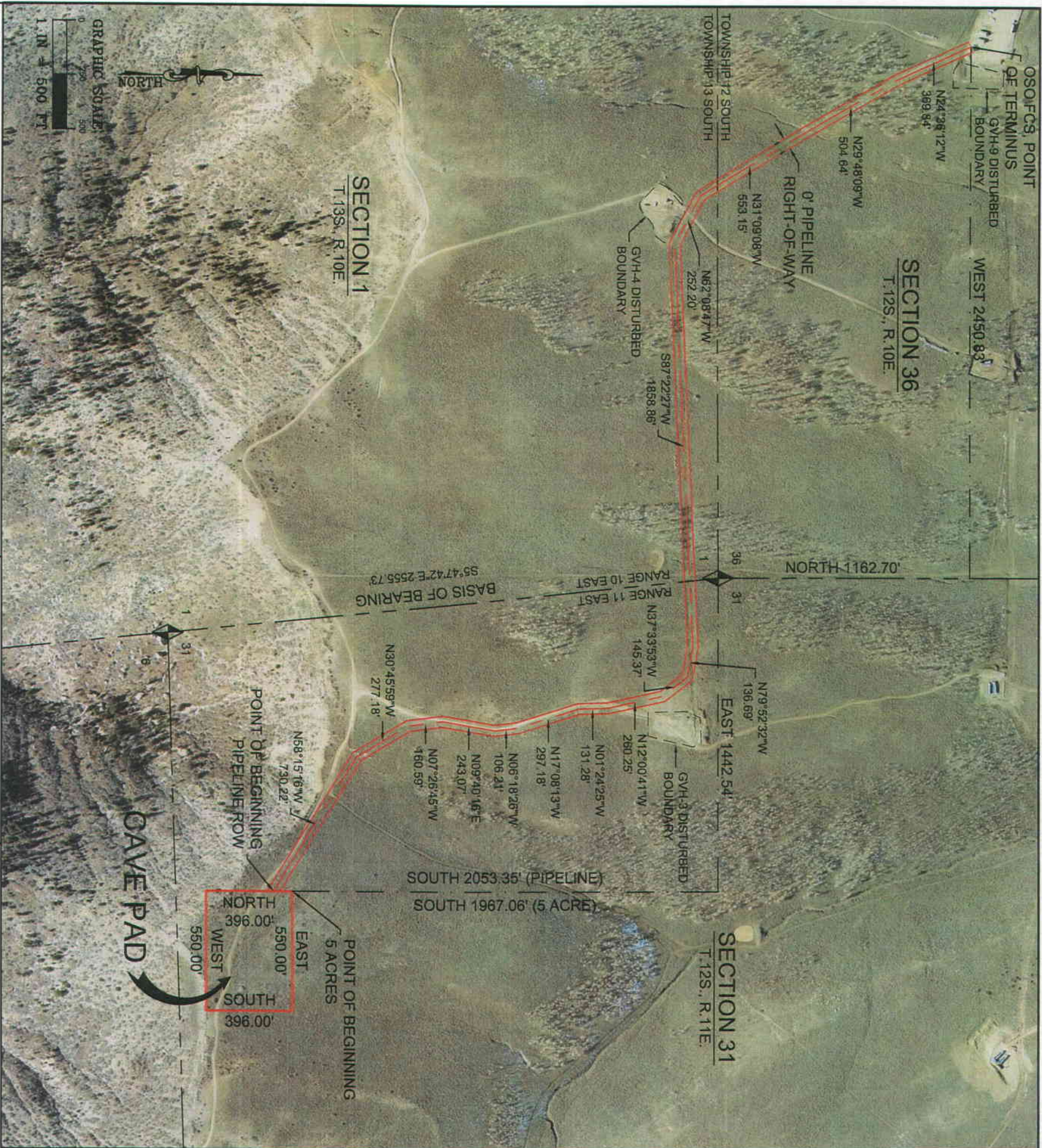


DRAWING RECORD:		SECTION LINE	
NO.	DATE	DESCRIPTION	BY
1	07-25-08	PLOTTED PRELIM. DWG'S	M.C.W.
2	08-05-08	CHANGED PIPELINE ROW	M.C.W.

FOUND MONUMENT		TIE TO POB	
NO.	DESCRIPTION	NO.	DESCRIPTION

WARE SURVEYING, L.L.C.
1344 North 1000 West
P.O. Box 84501
Phone: 435-613-1286
Email: waresurveying@emerytelcom.net

SURVEY FOR: OSO



GRAPHIC SCALE
0 250 500
1 IN = 500 FT

NORTH

SECTION 36
T.12S., R.10E.

SECTION 31
T.12S., R.11E.

SECTION 1
T.13S., R.10E.

LEGEND

FOUND MONUMENT

SECTION LINE

CENTERLINE, PIPELINE ROW

TIE TO POB

DRAWING RECORD:

NO.	DATE	DESCRIPTION	BY
1	07-25-08	PLOTTED PRELIM. DWGS	M.C.W.
2	08-05-08	CHANGED PIPELINE ROW	M.C.W.

WARE SURVEYING, L.L.C.

Phone: 435-613-1266
Email: waresurveying@emerytel.com.net

1344 North 1000 West
Price, Utah 84501

SURVEY FOR:

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BEGINNING AT A POINT WHICH LIES 1442.54 FEET EAST AND 2081.67 FEET SOUTH FROM THE WEST QUARTER CORNER OF SAID SECTION 31, AND RUNNING THENCE N.58°15'16"W. 730.22 FEET; THENCE N.30°45'59"W. 277.18 FEET; THENCE N.07°26'45"W. 160.59 FEET; THENCE N.09°40'16"E. 243.07 FEET; THENCE N.06°18'26"W. 106.21 FEET; THENCE N.17°08'13"W. 297.18 FEET; THENCE N.01°24'25"W. 131.28 FEET; THENCE N.12°00'41"W. 260.25 FEET; THENCE N.37°33'53"W. 145.37 FEET; THENCE S.87°22'27"W. 1858.86 FEET; THENCE N.62°08'47"W. 252.20 FEET; THENCE N.31°09'08"W. 553.15 FEET; THENCE N.29°48'09"W. 504.64 FEET; THENCE N.24°36'12"W. 369.84 FEET TO THE OSO FIELD COMPRESSOR SITE (FCS) AND TERMINATING.

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CERTIFICATE OF SURVEY

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